



County of Los Angeles CHIEF EXECUTIVE OFFICE

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May 27, 2010

To: Supervisor Gloria Molina, Chair
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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains pursuits of County positions on a State Budget item related to the Statewide Fingerprint Imaging System and legislation related to: 1) the appropriation of funds from the Employment Training Fund to the California Work Opportunity and Responsibility to Kids Program; and 2) the Emergency Housing and Assistance Program; and an update on a County-advocacy measure related to redevelopment project extensions.

Pursuit of County Position on a State Budget Item

The Governor's May Revision proposed \$12.1 million in funding for the Statewide Fingerprint Imaging System (SFIS), which included \$7.5 million in Federal funds, \$4.2 million from the State General Fund and \$378,000 from counties. However, this week, Assembly and Senate Budget Subcommittees on Health and Human Services voted to eliminate funding for the SFIS Program.

The Statewide Fingerprint Imaging System is an automated system to fingerprint applicants and recipients of California Work Opportunity and Responsibility to Kids Program (CalWORKs) and Food Stamp Program benefits as a condition of eligibility for those programs. The fingerprint images contained in SFIS are used to verify eligibility and to check for duplicate aid applications.

"To Enrich Lives Through Effective And Caring Service"

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The County implemented SFIS in 2000 and the system has been effective in eliminating duplicate aid fraud, payments to incorrect payees due to fraud or administrative error, and has proven to be a deterrent to other types of fraud. The Department of Public Social Services (DPSS) notes that in addition to reducing fraud, SFIS increases confidence in the integrity of the welfare system, which results in public support for assistance programs. DPSS indicates that relative to the total value of benefits issued statewide, the State's annual cost to maintain SFIS is modest, \$0.25 for every \$100 of CalWORKs grants, and compared to other forms of fraud deterrence systems, SFIS is a very cost effective system. If the action to eliminate SFIS funding is sustained, the County will be exposed to significant cost increases as a result of potential fraud.

Retention of SFIS funding is consistent with Board policy to support efforts to fund and maintain SFIS for the CalWORKs and General Relief Programs. **Therefore, the Sacramento advocates will oppose elimination of funding for Statewide Fingerprint Imaging System.**

Pursuit of County Position on Legislation

AB 1804 (Hagman), which as amended on April 28, 2010, would require that any Employment Training Fund (ETF) monies appropriated to the CalWORKs Program for welfare-to-work activities, or loaned to the State General Fund, be transferred back to the ETF or repaid within three years.

Under current law, the ETF is primarily used as a source of funding for: 1) the Employment Training Panel, which provides funds for companies to provide training to existing employees; and 2) the CalWORKs Program, which assists low-income parents entering or re-entering the workforce through various welfare-to-work activities such as, on-the-job training, job skills training directly related to employment, vocational education training, subsidized employment, job search, and job readiness assistance.

AB 1804 would require that ETF funds appropriated to CalWORKs welfare-to-work activities be transferred back to the ETF within three years from the date of the appropriation and to be repaid with interest. The bill does not identify the source of funds required to repay the loan.

According to the May 12, 2010 Assembly Appropriations Committee analysis, AB 1804 would require an additional annual State General Fund backfill for the CalWORKs Program ranging between \$20.0 million and \$60.0 million per year to cover the funds that would have been otherwise appropriated from the ETF.

The Department of Public Social Services indicates that AB 1804 would eliminate the option for the Legislature to appropriate ETF funds to the CalWORKs Program at a time when these funds are most needed. AB 1804 would place welfare-to-work employment-related services funding at risk. DPSS indicates that ETF contributions vary from year-to-year; however, if the FY 2009-10 ETF transfer for CalWORKs welfare-to-work services had been reduced by \$20.0 million statewide, the County would have lost an estimated \$6.8 million. According to DPSS, the loss or reduction of this funding and costs associated with the repayment of the ETF funds would undermine the County's current efforts to help families return to work.

The Department of Public Social Services and this office oppose AB 1804. Therefore, consistent with existing Board policy to oppose reductions in program funding or new unfunded mandates on the County and efforts to create jobs for CalWORKs families, **the Sacramento advocates will oppose AB 1804.**

This measure is sponsored by California Manufacturers and Technology Association and supported by the California Teamsters Public Affairs Council, United Food and Commercial Workers Western States Council, California League of Food Processors, and others. This measure is opposed by California State Association of Counties, County Welfare Directors Association, Laborers' International Union of North America, and Locals 777 and 792 Service Employees International Union.

AB 1804 is scheduled for a hearing in Assembly Appropriations Committee on May 28, 2010.

AB 2064 (J. Pérez and Bass), which as amended on May 6, 2010, would require the California Department of Housing and Community Development (CDHCD) to release a notice of funding availability for the Emergency Housing and Assistance Program to potential applicants and designated local boards. This bill contains an urgency clause making it effective immediately if passed by the Legislature and signed by the Governor.

AB 2064 would: 1) require the California Department of Finance (DOF) to make a determination as to the amount of State General Fund available in the Emergency Housing Shelter Operations Grant Account within the Emergency Housing and Assistance Fund; and 2) require the CDHCD to issue a notice of funding availability to potential applicants and local boards, indicating the amount of State General Fund available in the shelter operations program as determined by the DOF, no later than 30 days after the effective date of this bill.

The Emergency Housing Assistance Program (EHAP) funds emergency shelters, transitional housing, and supportive services to assist homeless individuals and families. The Emergency Housing and Assistance Fund is created within the State Treasury with all money in the fund continuously appropriated to the CDHCD to carry out the purposes of the EHAP. The funds are used to assist housing programs with operational costs and provides for the expansion of bed capacity and supportive services offered to homeless clients.

According to the Assembly Appropriations Committee's analysis, AB 2064 attempts to retain \$4.2 million in unspent State General Funds from the Emergency Housing Shelter Operations Grant Account. In addition, the bill reaffirms the Legislature's past direction to the CDHCD to make the balance of EHAP funds available for statewide operations grants.

The Community Development Commission (CDC) indicates that AB 2064 would help to ensure that funds are not diverted from the Emergency Housing and Assistance Program for other programs by identifying State General Funds previously available for statewide operations grants and requiring the CDHCD to issue a notice of funding available to potential applicants no later than 30 days from enactment of this measure. CDC indicates that it relies on State funding for its housing programs for people who are homeless, at-risk of homelessness or with special needs.

The Community Development Commission and this office support AB 2064. Therefore, consistent with existing Board policy to support proposals that provide additional resources for meeting the capital and operational costs of housing production and related supportive service needs of low-moderate-income families and the needs of special populations, including elderly, disabled and mentally ill persons, **the Sacramento advocates will support AB 2064.**

AB 2064 is supported by Housing California, Didi Hirsh Community Mental Health services, Foothill AIDS Project and West Hollywood Presbyterian Church, among others. There is no registered opposition on file. This measure was placed on the Assembly Appropriations Committee suspense file on May 19, 2010.

Status of County-Advocacy Legislation

County-opposed SB 1112 (Oropeza), which would allow a 10-year extension of a redevelopment project area that is at least 25 percent a brownfield site, was amended on May 11, 2010. The amendments would require that at least 25 percent of the property within the project area is property for which the redevelopment agency is authorized to take action to remedy or remove a release of hazardous substances

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pursuant to the Polanco Redevelopment Act of 1990. The Polanco Redevelopment Act of 1990 was enacted to assist redevelopment agencies in responding to brownfield sites and prescribes processes for agencies to follow when cleaning up a hazardous substance from property within a redevelopment project area.

County Counsel indicates the bill would still allow a 10-year extension of a redevelopment project area and would effectively create an exemption for the City of Carson from existing redevelopment law on Low and Moderate Housing requirements.

County Counsel and this office recommend that the County continue to oppose SB 1112. Therefore, based on existing Board policy to oppose proposals that would cause the County to lose revenues, limit or repeal provisions of the Community Redevelopment Reform Act of 1993 (AB 1290), or allow agencies to extend the life of projects beyond the statutory timeframes established in AB 1290, **the Sacramento advocates will continue to oppose SB 1112.**

SB 1112 was placed on the Senate Appropriations Committee suspense file on May 17, 2010.

We will continue to keep you advised.

WTF:RA
MR:IGEA:sb

c: All Department Heads
Legislative Strategist
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